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C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 020223

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TAGS: [PREL](#) [PINR](#) [XD](#) [AF](#) [NP](#) [IN](#) [PK](#) [CH](#)  
SUBJECT: DDG LUO ON CHINA-SOUTH ASIA DEVELOPMENTS

REF: STATE 151705

Classified By: Political Minister Counselor Daniel Shields. Reasons 1.  
4 (b/d).

¶1. (C) Summary: China remains concerned about instability in Nepal, MFA Asia Department Deputy Director General Luo Zhaohui told Polmincouns in a September 22 discussion of China-South Asia issues. China continues to avoid contact with the Maoists in Nepal and wonders what role the UN could play in Nepal. President Hu Jintao will visit India and Pakistan in November. China appreciates the efforts the USG has made, including A/S Boucher's visit to China for the South and Central Asia Dialogue, to promote U.S.-China cooperation on South Asia. Luo confirmed press reports that popular sentiment critical of the Government of Pakistan has turned into anti-Chinese sentiment in parts of Pakistan including Baluchistan. Luo expects to be sent out as China's Ambassador to Pakistan soon. End Summary.

Continuing Instability in Nepal  
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¶2. (C) China sees three potential sources of instability in Nepal, DDG Luo Zhaohui told Polmincouns on September 22: 1) uncertainty over the future of the monarchy, 2) the health of Prime Minister Koirala and 3) the role of the "so-called Maoists." Prime Minister Koirala is calling for the monarchy to retain a ceremonial role in the country. Regarding PM Koirala's health, Luo expressed surprise over how healthy the PM has appeared since July, when VFM Wu Dawei visited Nepal. Luo, stressing that this is a personal opinion, speculated that PM Koirala may have played up his genuine health problems early in his tenure as PM in order to lower political

expectations and create room to maneuver.

13. (C) Luo said the key question remains whether the Maoists will consent to arms management before there is a political deal. China's policy towards the Maoists has not changed, with China avoiding contacts. Chinese scholar Wang Hongwei, who met with Maoists earlier this year, did so in his capacity as adviser to a Chinese company, Luo said. Wang is a retired professor and had not asked the Chinese Government for permission to hold the meeting, Luo stated. Polmincouns stressed that all parties should avoid legitimizing the Maoists in any way while the Maoists refuse to consent to arms management.

14. (C) China is reviewing its attitude about the role of the UN in Nepal, according to Division Director Huang Xilian, who accompanied Luo. Huang asked about the USG view on the UN's role in Nepal and whether the UN can help deal with the Maoist issue. Polmincouns said the USG will focus on doing what is necessary to help ensure the success of the Government of Nepal. He indicated he would report to Washington Luo's query regarding USG thinking on the appropriate role for the UN in Nepal.

#### Noninterference Policy Tested in Nepal

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15. (C) Luo acknowledged the tension between China's longstanding policy of noninterference in the

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internal affairs of other countries and its interest in maintaining stability. Such tensions affect Chinese policy in Nepal, he said, where China has a strong interest in maintaining stability because of the 1400 kilometer-long border, illegal migration across the border and issues involving Nepal and Tibet. Polmincouns urged that China step up its efforts to act as a responsible stakeholder in its interactions with countries like Nepal that find themselves undergoing difficult political transitions.

#### President Hu to South Asia in November

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16. (C) President Hu will travel to South Asia in November after he attends the APEC Leaders' Meeting in Hanoi, Luo said. Hu will first visit India and then travel to Pakistan, where he expects to sign a joint statement addressing political issues, economic cooperation and border concerns. Luo will travel to the region soon for consultations in preparation for the Hu visit. China and India will hold a Directors General-level dialogue soon that will focus on counterterrorism issues. Luo asked if President Bush plans to visit South Asia in connection with possible travel to the APEC Leaders Meeting in Hanoi in November. Polmincouns said he would report the question to Washington. Luo said China appreciates the efforts the USG has made, including A/S Boucher's visit to China for the South and Central Asia Subdialogue, to promote U.S.-China cooperation on South Asia. Polmincouns said the USG also appreciates China's efforts in this area.

#### India, Pakistan and Nuclear Cooperation

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17. (C) China has concerns about U.S.-India civil nuclear cooperation, Luo said. Chinese scholars question whether the U.S. position on nonproliferation has changed, with some suggesting that civil nuclear cooperation with India is

inconsistent with the U.S. position towards Iran and the DPRK. Polmincouns emphasized India's good historical record on nonproliferation issues as a reason for treating India differently.

¶8. (C) U.S.-India civil nuclear cooperation is of concern to Pakistan, Luo said, and this makes the already sensitive India-Pakistan relationship even more delicate. He urged the United States to treat Pakistan and India more evenhandedly and not to follow India's lead. The USG should take action to help calm the situation between India and Pakistan, he suggested. Polmincouns said the United States respectfully considers India's views, but decides policy on the basis of U.S. interests and values.

#### Anti-Chinese Sentiment in Pakistan?

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¶9. (C) Luo confirmed press reports that popular sentiment critical of the Government of Pakistan has turned into anti-Chinese sentiment in parts of Pakistan including Baluchistan. Local extremists who have a dispute with the Central Government of Pakistan about development of the local economy also harbor anti-Chinese views, given the close links

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between Beijing and Islamabad. China wants to avoid having its citizens become victims of violence. China urges the Government of Pakistan to protect Chinese citizens, many of whom are working on infrastructure projects in difficult areas, and urges Chinese companies to be cautious. China appreciated being invited to the September 18 meeting (reftel) in Singapore regarding development of Pakistan's Federally Administered Tribal Areas region.

#### Chinese Assistance to Afghanistan

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¶10. (C) China's assistance programs in Afghanistan are mostly proceeding well, Luo said. A newly renovated Chinese-supported hospital in Kabul will open next month, he stated.

#### Luo to be China's Next Ambassador to Pakistan

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¶11. (C) Luo said he expects to be sent out soon as China's Ambassador to Pakistan. Both Luo and his wife, who began serving as Political Counselor at the Chinese Embassy in Bangkok two months ago, were scholars of South Asian affairs before they joined the MFA. Luo has previously served in India and in the United States, but his posting to Islamabad will be his first in Pakistan. He said he looks forward to good cooperation with Ambassador Crocker.

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